



studienbegleitende Klausur zur Vorlesung (final exam)

"Economicsof EuropeanIntegration"

Examination July 22, 2004

Last Name:		First Name:	
Date of Birth:		Place of Birth:	
Student ID:		Home Institution (Sokrates-/KiSS only):	
Email address:			
Course of Studies, Program of Study:	please tick		
	<input type="checkbox"/>	Betriebswirtschaftslehre, <input type="checkbox"/> Volkswirtschaftslehre, <input type="checkbox"/> Diplom-Handelslehrer/in, <input type="checkbox"/> Sozialökonomie	
	<input type="checkbox"/>	Studienkolleg für Studierende der Mathematisch-Naturwissenschaftlichen und der Technischen Fakultät <input type="checkbox"/> W 24; <input type="checkbox"/> P 62	
	<input type="checkbox"/>	SOKRATES-Programm oder andere Austauschprogramme	
	<input type="checkbox"/>	Kieler Summer School (KISS)	
	<input type="checkbox"/>	Informatik, Mathematik	
	<input type="checkbox"/>	Ph.D. program "Quantitative Economics"	
<input type="checkbox"/>	Sonstiges		
Signature: _____			

Notes:

Duration: **60 minutes**
 Maximum Total Score: **75 points**

- The exam text consists of 2 pages, including this front page. Please verify carefully if your exam sheets are complete.
- Please write in full your name and student ID on each page.
- For your answers you may use only the provided paper sheets.

Instructions: **You may use a standard calculator (non-programmable).**

Good Luck!

Results: (for the examiner only)

Question	1	2	3	4	5	Total
Points						

Score: _____

Kiel,

 (Gerald Willmann, Ph.D.)

Question 1: Regional Economic Integration (15 pts).

- a) List and define (at least) three types of regional economic integration.
- b) Discuss the problems inherent in each of the types you listed under a).
- c) Explain the concepts of trade creation and trade diversion using a (sufficiently labelled and well explained) diagram.

Question 2: Factor Mobility (15 pts).

- a) Using the Neary-bucket, show that factor mobility increases economic efficiency.
- b) How does factor mobility affect taxation? Which factor, the mobile or immobile, ultimately tends to pay the tax?
- c) Let us apply the analysis from a) to capital mobility. How can the results be used as an argument against structural funds?

Question 3: The EU Budget (15 pts).

- a) Explain the main components on the revenue side of the EU budget.
- b) Explain the EU's main expenditures.
- c) How does the EU's budget differ in scope and composition from a typical country's budget?

Question 4: Common Agricultural Policy (15 pts).

- a) What are the aims and instruments of the EU's Common Agricultural Policy?
- b) Graphically explain the effect of a price guarantee for an agricultural product that is (also) imported. Why is the EU considering moving to direct subsidy payments?
- c) What are the long-term effects of the price guarantees that have been in place for decades?

Question 5: Monetary Union (15 pts).

- a) Explain the economic advantages of a monetary union.
- b) Explain the economic disadvantages of a monetary union.
- c) What problem arises in a monetary union should one of its member countries go bankrupt? How can interest rates on government bonds be used to predict what happens in such a case.

PS: if time permits, please provide feedback on the Neal/Barbezat text we have used (no credit).